

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-08

NSC-05 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-01 PA-01 PRS-01 /081 W

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P 120503Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 3651

LIMITED OFFICIAL USE SECTION 1 OF 2 MANILA 12562

USADB

FOR NAC AGENCIES

PASS TREASURY FOR NACHMANOFF/BRADFORD

E.O. 11652: NA

TAGS: EAID, EFIN

SUBJECT: GENERAL REVIEW - ADB STAFF SALARIES AND BENEFITS

SUMMARY: ADB MANAGEMENT HAS RECOMMENDED THAT, EFFECTIVE AUGUST 1, 1977, A 6.5 PERCENT ACROSS-THE-BOARD GENERAL SALARY INCREASE BE PROVIDED PROFESSIONAL STAFF, SUBJECT TO RESTRICTIONS OF \$38,800, \$39,800, AND \$40,800 FOR RANGES V, VI AND VII, RESPECTIVELY. FOR SUPPORTING STAFF, A 7.0 PERCENT ACROSS-THE-BOARD GENERAL SALARY INCREASE IS PROPOSED. IN VIEW USADB PROPOSED INCREASES APPEAR REASONABLE AND U.S. APPROVAL IS RECOMMENDED. NAC GUIDANCE IS REQUESTED. END SUMMARY.

1. LAST YEAR BOARD OF DIRECTORS APPROVED GENERAL SALARY INCREASE, EFFECTIVE AUGUST 1, 1976, OF 5.5 PERCENT, SUBJECT TO CEILINGS FOR RANGES V, VI AND VII, WHICH WERE SUBSEQUENTLY REVISED ON JANUARY 1, 1977 FOLLOWING INCREASES IN SALARIES

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OF DIRECTORS/ALTERNATES. SUPPORTING STAFF SALARIES WERE INCREASED ACROSS-THE-BOARD BY 7.0 PERCENT, WITH PROVISION OF NEW LIMIT OF 65,000 PESOS FOR INCREMENTS BEYOND STEP X OF GRADE 8 WHICH PRESIDENT MAY AUTHORIZE AT HIS DISCRETION IN INDIVIDUAL CASES. AT SAME TIME, CHANGES WERE MADE IN STAFF BENEFITS REGARDING: (A) PROVISION OF EDUCATION GRANTS (RE COST OF TUITION AND BOARD FOR

CHILDREN BEING EDUCATED OUTSIDE DUTY STATION); (B) AGE LIMITS OF DEPENDENTS ELIGIBLE FOR VARIOUS BENEFITS; (C) INCREASE IN ANNUAL LEAVE AND (D) INTRODUCTION OF DEATH GRANT.

2. ACCORDING TO ADB COMPUTATIONS, CONSUMER PRICE INDEX FOR MANILA HAS INCREASED BY 6.9 PERCENT BETWEEN MAY 1976 AND MAY 1977. HOWEVER, BANK'S PROFESSIONAL STAFF PURCHASE A GREATER AMOUNT OF HIGHER VALUE GOODS AND SERVICES THAN ARE REFLECTED IN ABOVE INDEX. A QUARTERLY CONSUMER PRICE INDEX FOR FOREIGN NATIONALS RESIDING IN METROPOLITAN MANILA INTRODUCED LAST YEAR BY NATIONAL CENSUS AND STATISTICS OFFICE SHOWS THAT FOR NINE-MONTH PERIOD OF SEPTEMBER 1976 TO JUNE 1977 LIVING COSTS OF FOREIGN NATIONALS IN MANILA HAVE RISEN BY 6.9 PERCENT, WHICH WHEN EXTRAPOLATED ON AN ANNUAL BASIS WOULD AMOUNT TO ABOUT 9.2 PERCENT. PRICE INDEX PUBLISHED BY UNITED NATIONS REGARDING LIVING EXPENSES OF UN OFFICIALS,

WHICH ONLY REFLECTS SITUATION UP TO SEPTEMBER 1976, INDICATED THAT DIFFERENCE IN INDICES BETWEEN MANILA AND WASHINGTON HAS BEEN NARROWING SINCE NOVEMBER 1975. BANK COMPUTATIONS ALSO TAKE INTO ACCOUNT THAT PROFESSIONAL STAFF INCUR EXPENSES AND HAVE FINANCIAL COMMITMENTS ABROAD, WHERE IMPACT OF INTERNATIONAL INFLATION APPEARS TO BE IN ORDER OF 7.6 PERCENT.
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3. EFFECTIVE MARCH 1, 1977, IBRD INCREASED SALARIES BY 6.8 PERCENT UP TO LIMIT OF \$45,700, WHILE IDB INCREASED SALARIES BY SAME AMOUNT, UP TO LIMIT OF \$43,490, EFFECTIVE JUNE 1, 1977.

4. DURING PERIOD UNDER REVIEW, SALARY CONSIDERATIONS BASED ON STAFF TURNOVER AND OFFERS/REJECTIONS FIGURES WERE NOT SIGNIFICANT IN PROFESSIONAL STAFF RECRUITMENT AND RETENTION. HOWEVER, BANK MANAGEMENT NOTES THAT NINE PRE-EMPLOYMENT INTERVIEWS WERE TERMINATED AT AN EARLY STAGE BECAUSE CANDIDATES INDICATED THAT BANK'S SALARY RANGE DID NOT MEET THEIR SALARY EXPECTATIONS.

5. ON BASIS OF ABOVE DATA, BANK MANAGEMENT CONCLUDES THAT, TO OFFSET EROSION IN PURCHASING POWER OF PROFESSIONAL STAFF AS RESULT OF OVERALL COST-OF-LIVING INCREASE AND TO MAINTAIN BANK'S COMPETITIVE POSITION WITH OTHER IFIS, A GENERAL SALARY INCREASE OF 65 PERCENT WOULD BE APPROPRIATE. IN REVISING SALARY STRUCTURE, SAME PERCENTAGE WILL BE USED EXCEPT FOR RANGES, V, VI AND VII, WHERE CEILINGS OF \$38,800, \$39,800

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-08
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FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
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AND \$40,800, RESPECTIVELY, ARE RECOMMENDED ON UNDER-
STANDING THAT CURRENTLY STAFF SALARIES CANNOT EXCEED
\$40,800. HOWEVER, IN EVENT REMUNERATION OF BOARD MEMBERS
IS REVISED, PROPOSALS FOR APPROPRIATE ADJUSTMENTS TO
CEILINGS OF THESE RANGES WILL BE SUBMITTED FOR BOARD'S
CONSIDERATION.

6. REGARDING SALARIES OF SUPPORTING STAFF, BANK MANAGE-
MENT CONSIDERS THAT, IN VIEW OF 6.9 PERCENT COST OF LIVING
INCREASE IN METROPOLITAN MANILA AND TAKING INTO ACCOUNT
COMPARISONS WITH OTHER ORGANIZATIONS IN MANILA, AN
ACROSS-THE-BOARD SALARY INCREASE OF 7.0 PERCENT WOULD
BE APPROPRIATE IF BANK IS TO MAINTAIN ITS COMPETITIVE
POSITION AMONG TOP HALF OF ORGANIZATIONS SURVEYED.
SALARY STRUCTURE WOULD BE ADJUSTED BY SAME PERCENTAGE
SO ALL WOULD RECEIVE FULL EFFECT OF INCREASE. NEW LIMIT
OF 69,500 PESOS WILL BE PROVIDED IN PLACE OF PRESENT
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LIMIT OF 65,000 PESOS FOR INCREMENTS BEYOND
STEP X OF GRADE 8 WHICH PRESIDENT MAY AUTHORIZE
AT HIS DISCRETION IN INDIVIDUAL CASES.

7. REVIEW OF BENEFITS PACKAGE THIS YEAR INDICATES THAT
WHILE BANK LAGS BEHIND OTHER COMPARABLE ORGANIZA-
TIONS IN RESPECT OF CERTAIN BENEFITS, THERE IS NO
BENEFITS REVISIONS OF PARTICULAR SIGNIFICANCE OR URGENCY
THAT REQUIRES APPROVAL OF BOARD. HOWEVER, BENEFITS
PACKAGE WILL BE REVIEWED ON CONTINUING BASIS. INTENT
IS TO HOLD ANY CHARGES FOR NEXT ANNUAL REVIEW UNLESS
THEY ARE OF SUCH URGENCY TO WARRANT IMMEDIATE CONSIDERA-
TION.

8. USADB BELIEVES PROPOSED 6.5 PERCENT SALARY INCREASE
FOR PROFESSIONAL STAFF APPEARS REASONABLE TAKING INTO
ACCOUNT (A) COMBINATION OF 6.9 PERCENT COST OF LIVING
INCREASE IN MANILA AND ESTIMATED 7.6 PERCENT IMPACT
OF INTERNATIONAL INFLATION, (B) RECENT 6.8 PERCENT
SALARY INCREASES FOR IBRD AND IDB, AND (C) THAT INCREASE
DOES NOT SEEM INCONSISTENT WITH U.S. GOVERNMENT SALARY
INCREASES THIS YEAR. A 6.5 PERCENT INCREASE WOULD STILL
RESULT IN A SLIGHT DETERIORATION IN RELATIVE POSITION
OF ADB'S OVERALL SALARIES VIS-A-VIS IBRD AS IT EXISTED
PRIOR TO THIS YEAR'S SALARY CHANGES, ACCORDING TO BANK
CALCULATIONS. SALARY INCREASE FOR SUPPORTING STAFF
DOES NOT APPEAR TO BE OUT OF LINE WITH COMPENSATION
RECEIVED BY COMPARABLE ORGANIZATIONS IN MANILA. NAC
GUIDANCE IS REQUESTED.

9. ADB DOC. EX/R4-77 ON ABOVE SUBJECT WAS POUCHED
AUGUST 11 AND WILL BE CONSIDERED BY BOARD OF DIRECTORS
ON AUGUST 30. SEPTTEL FOLLOWS ON BANK MANAGEMENT'S
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PROPOSAL REGARDING RENTAL SUBSIDY FOR
PROFESSIONAL STAFF.
EDMOND

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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
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